



Procurement News - Near and FAR

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Winter 1998/1999

Introduction

Welcome to the Winter quarterly edition of Treasury's Procurement News - Near and **FAR**. This issue highlights recent and upcoming activities in the small business area. There are also some great contributions from our bureaus, as well as recent policy updates.

Martha Lanigan will be the editor for the Spring '99 issue. Articles and bureau job openings are due to Martha by May 21, 1999. Martha may be reached at 622-0194 or at martha.lanigan@do.treas.gov. We welcome your comments and suggestions on how the newsletter can better serve you, our customer.

INSIDE

Treasury's Intern Program	1
BusinessLinc	2
Partnering for Small Business Success . .	2
Purchase Card Program	3
OFPP's Announcement of the COR	
Mentor Program	4
Performance Evaluation Model Grows .	4
FAR Update	5
Electronic Commerce	7
Bureau Highlights	9
People On the Move	11

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PAPER**

Treasury's Intern Program

by Annelie Kuhn



Another round of interns has graduated or will graduate shortly from the Treasury intern program. Kelly Curtin was picked up by the Secret Service, Pat Wolfe found a position in Procurement Services Division, Ron Venable accepted a position with the Customs Service and Karen Galloway is doing her last rotation at the IRS' Cost and Price Analysis Branch. She too has several offers from the Bureaus.

The same program has been in existence for the last 10 years and we are ready for a change. Geoff Gauger has drafted a Career Development Program that reflects the changing world of Procurement. The new program will focus on leadership, team building, customer service and problem solving skills in addition to strong computer and

business skills. To equip the interns for the future, they will be expected to perform as advisors or consultants to program offices, be proficient in electronic commerce, especially as it relates to procurement and payment, and assist with performance measures and long range strategic planning.

We will provide challenging, relevant and rewarding assignments in Treasury organizations and the Bureaus, including, but not limited to:

Office of the Chief Information Officer;
Office of the Chief Financial Officer;
Office of Strategic Planning;
Office of Real and Personal Property;
Office of Small Disadvantaged Business Utilization; and of course, in the Office of Procurement and Bureau procurement offices.

The interns have been a hot commodity in the past. Rarely are we able to keep them until the end of the program. With the changes that

we envision, holding on to an intern will be even more challenging.

BusinessLINC

A Cut Above the Rest!

by Dan Sturdivant, OSBP



Vice President Al Gore launched an initiative in June 1998 called "BusinessLINC"- Learning Information, Networking, and Collaboration- to galvanize business-to-business relationships that build the competitive strengths of small businesses, especially those located in economically distressed urban and rural areas. The Vice President called upon Secretary Rubin and U.S. Small Business Administration's Administrator Aida Alvarez to co-chair the effort to research business-to-business advisory services in all contexts and to suggest how best practices could be applied in urban and rural economically distressed communities.

Treasury Deputy Assistant Secretaries from Management Operations, Policy Coordination and Community Development Policy in conjunction with Treasury's Office of Small Business Development (OSBD), immediately collaborated to produce, for Secretary Rubin, Success Partnerships. Success Partnerships is Treasury's innovative Mentor -Protégé Program, with a three phase approach, that will be administered by the OSBD.

Success Partnerships is a voluntary program designed to:

- provide small business development opportunities consistent with the lessons learned in the BusinessLINC initiative;
- increase the participation of small businesses, small disadvantaged businesses, women-owned small businesses, and small businesses in historically underutilized business zones (HUBZones) as Treasury contractors and subcontractors;
- provide developmental opportunities in conjunction with the SBA's Mentor-Protégé and 8(a) programs;
- provide non-monetary incentives to Treasury prime contractors to provide developmental assistance that will enhance the capabilities of small businesses; and
- foster the establishment of long-term business relationships between small companies and large prime contractors.

Success Partnerships' will be piloted over a three year period as follows:

Phase 1 (FY 1999): features a Treasury/SBA partnership in which firms already designated by the SBA as 8(a) contractors serve as Treasury prime contractors. Under this phase, the 8(a) prime contractor would be mentored by its partner, typically a much larger firm.

Phase 2 (FY 2000): features a mentor-protégé program (similar to those in place at other federal agencies) with agreements between a large or small prime contractor mentor and an eligible small business protégé.

Phase 3 (FY 2001): focuses on small businesses located in economically distressed areas based on the application of the federal HUBZone procurement program to Treasury, as mandated by statute, on September 30, 2000 (to be incorporated into the programs cited in Phases 1 and 2).

Treasury Benefits:

Not only will this maintain Treasury's reputation of leadership and innovativeness among government agencies, it will also allow the individual bureaus to expand their vendor base of qualified businesses; obtain more competitive pricing on procurement opportunities, which should result in a significant cost savings, and most of all; realize a potential increase in small business program goals and accomplishments.

Partnering for Small Business Success

by Jodie Paustian & Kevin Boshears

The Federal Acquisition Regulation (FAR), Part 1.102 gives us guiding principles for the federal acquisition system and is the basis for the development of a team approach in satisfying both the acquisition objective and the socioeconomic objective. The vision for the federal acquisition system is to deliver, on a timely basis, the best value product or service to the customer, while maintaining the public's trust and fulfilling public policy objectives. Participants in the acquisition process should work together as a team and should be empowered to make decisions within their area of responsibility.



A balance between the acquisition objective and the socioeconomic objective is a reflection of the world in which we live. Over the past several years, acquisition reform efforts have dramatically streamlined the way the government buys goods and services. However, it is clear that the procurement community is responsible for both efficient contracting and meeting the government's socioeconomic objectives. Historically, small business

considerations, including the use of small disadvantaged and women-owned small businesses, have been in the forefront of acquisition public policy objectives. Therefore, it is critical to realize that support for the small business community cannot exist in a vacuum. The government must seek small businesses who can meet the acquisition objectives. Acquisition streamlining efforts have changed the rules of the game, causing a potential conflict between the acquisition objectives of better, faster, cheaper with the socioeconomic objectives of using small, small disadvantaged, and women-owned small businesses. In short, this does not have to be a conflict. The only solution lies in the concept of the team approach.

The small business specialist (SBS), contracting officer (CO), and program manager (PM) must all work together in coming up with the best solution(s) to meet the acquisition objectives and the socioeconomic objectives. The key in finding the best solution(s) lies in each of these people's understanding of the requirement (i.e., what we are buying) and who can fulfill the requirement (i.e., can small businesses meet the need). Also critical to a consensus is ensuring that all players understand each other's responsibilities. The SBS needs to convey to the CO and the PM the importance of the small business program in meeting agency goals, providing opportunities for small business (either as a prime or subcontractor), and satisfying the FAR regulations and Federal statutes. The CO needs to convey to the SBS and the PM his/her business judgement on the procurement strategy and how best to buy the required goods or services. The PM needs to convey to the SBS and the CO the required delivery/performance date, market research results, and unique technical requirements. By sharing with each other all important information related to each person's job and responsibilities, the team can arrive at consensus on how the good or service is to be procured and therefore balance the acquisition objectives with the socioeconomic objectives. Achieving a consensus between the above three individuals is essential to the acquisition planning process.

The team approach works for all procurement methods, from micropurchase procedures to multi-million dollar acquisitions. In future procurements, think about how you can balance the acquisition objective and the socioeconomic objective. Small businesses can meet both of your objectives and create a win-win situation for the SBS, CO, and PM. Consult your bureau Small Business Specialist today for small business sources to meet your needs!

Jodie Paustian is the Small Business Specialist for the Internal Revenue Service. She is an NCMA member and a recently

named Certified Professional Contracts Manager (CPCM).

Kevin Boshears is the newly appointed Director, Small Business Program Office at the Department of the Treasury.

POLICY CORNER

Purchase Card Program

by Martha Lanigan

Treasury has been using Citibank e cards since November 30, 1998 when the GSA SmartPay contract went into effect. Although the transition has been rocky at Treasury and at other Federal agencies, 90,000 Treasury cardholders are successfully using the Citibank purchase, travel and fleet cards, and increase of 15,000 cards over the old programs.



Under the SmartPay contract, bureaus have retained their own autonomous purchase card programs. Once the transition is behind us, some bureaus plan to integrate their purchase and travel card programs which means that the cardholder would have one card or plastic for both functions, travel and purchase. Our task order with Citibank also provides for web enabled automation and attractive rebates for early payment of consolidated invoices.

Treasury Citibank cards are all the MasterCard brand. One reason we selected MasterCard is because they offer attractive pricing for large volume contractors. If you are working on a large dollar contract and anticipate users being able to place orders using the purchase card, check into the details of this feature with your purchase card agency program coordinator (A/OPC).

There is a list of bureau A/OPC's and other information about the Treasury card programs on the TreasNet web site under Treasury Credit Card Services. We welcome your comments and suggestions on this site.

OFPP'S ANNOUNCEMENT OF THE COR MENTOR PROGRAM

by Kevin Whitfield

Deidre Lee, Administrator for OMB's Office of Federal Procurement Policy, recently issued a memorandum regarding the availability of the Internet-based Contracting Officer's Representative (COR) Mentor course.

The COR Mentor program can be used to provide training in areas typically performed by Contracting Officers' Technical Representatives (COTRs). These areas include advanced planning, technical assistance, monitoring contract performance, inspection and acceptance, modifications, delays, contract claims, remedies, termination, payments and contract closeout. This program provides an excellent opportunity to enhance the training provided to Treasury COTRs. As a result, we intend to work with the Treasury Acquisition Institute and the Contract Administration Council to determine how we can incorporate the COR Mentor program into the COTR training requirements prescribed by the Treasury COTR handbook.

The COR Mentor program can be accessed free of charge through the end of FY 1999. You can access the COR Mentor program through the Internet at <http://www.faionline.com> or <http://www.gsa.gov/fai>. The instructions on your screen will direct you to the campus map, and the COR Mentor program can be found in the Individual Training Center (building #12).

We will keep you informed of any revisions to the Treasury COTR training requirements as a result of the COR Mentor program. Questions regarding the COR Mentor program can be referred to Gayle Messick, Procurement Analyst, Federal Acquisition Institute at (202) 501-2980 or at gayle.messick@fgsa.gov.

Performance Evaluation Model Grows

by Terri Toplisek

The Office of Procurement (OP) introduced its new Performance Evaluation Model during Fall 1998. This is an ambitious, three-phased approach consisting of the existing Balanced Scorecard survey process; quantitative measures, and on-site staff visits. We are piloting this model during 1999; therefore, it is a dynamic, evolving model. We are listening to feedback from the bureaus and we are attempting to improve the model, even during the pilot period.

We have added a fourth phase, monitoring of high-visibility acquisitions, that already is partially operational. During October 1997 we began to become proactively involved in

a few high-visibility acquisitions by participating in various meetings and activities and working closely with bureau contracting personnel. Presently, we are working with the bureaus on seven of these acquisitions to varying degrees. During our January Bureau Chief Procurement Officers' (BCPO) meeting we distributed our updated list of 23 high-visibility acquisitions and the assigned OP Analysts.

Our goal is to assume a proactive role in both the pre and post award phases of these acquisitions, versus simply conducting post mortem reviews that do not yield any added value. Our role is primarily one of consultant and advisor as we attend key meetings, review documents, and interact with acquisition, technical, and Departmental personnel.

The Procurement Analysts will prepare oversight plans for each acquisition, based on the level of oversight deemed appropriate. The bureaus will be provided an opportunity to comment on the plans before they are finalized. This step will promote understanding of exactly how the Office of Procurement will conduct oversight and what will be expected from the bureau procurement offices. A status update of the other three phases of the model is as follows:

PHASE I - We are presently conducting the Balanced Scorecard survey in all of our bureaus. Our survey mailing occurred on February 23 and the cut-off date was extended until April 2 for the customer, employee, and self-assessment surveys.

PHASE II - We have introduced quantitative measures that will be gathered from various in-house data systems as well as through data calls to the bureaus. The first data call for the period January-March was requested during December 1998. We are piloting this phase to get an overview of our bureaus procurement operations. After the first year, we will evaluate the need to continue these data calls. BCPO's are reminded that this data is due by April 26.

PHASE III - We plan to conduct 2-3 on-site staff visits during FY 99. Review guidelines have been written, and are being reviewed..

The Performance Evaluation Model is a huge undertaking for the OP; however, we believe that the four phases should provide a reliable overview of the health of our bureau procurement offices and a sound basis for improving procurement processes.

Procurement Professional Training

by Geoff Gauger




This past October, December and January training was provided to the Interns assigned to the Office of Procurement and the procurement professionals of Treasury's Procurement Services Division. These sessions provided training on a variety of procurement-related subjects like, simplified acquisitions, small business, appropriations, regulations and the new Contractor Performance Database. Each of the sessions and subjects were taught by knowledgeable, competent instructors and most of the trainers were Treasury employees.

In addition to all of the great instructors, like Kevin Boshears, Angelie Jackson, Jodie Paustian, and Jean Lilly, the Interns got to do some of the training themselves. This responsibility involved researching and presenting a procurement-related subject of their choice. The outcome of this exercise was for the Interns to enhance their public speaking skills and learn more about the subject that they presented. Karen Galloway gave presentations on negotiation tactics and FOIA disclosures. Ron Venable presented material on commercial items and FAR parts 12 & 15. Pat Wolfe spoke about acquisition planning for liquidating seized property and customer service skills. Kelly Curtain presented pointers on the Service Contract Act. A great performance was provided by each of them.

Even with all of the great presentations, the highlight of the training sessions was a video about stress starring comedian Loretta LaRoche. People could not get enough of this video. Timing permitted only 15 minutes of the 80-minute video to be shown during one of the training sessions. Plans called for the remainder of the video to be shown at a later session. However, interest was so intense in the subject, or perhaps the comic way the subject was presented, people couldn't wait and took it upon themselves to watch the remainder of the tape during lunch. If you are interested in this video, it is entitled "How Serious is This" and it may be found in the Treasury Acquisition Institute's tape library.

FAR Update

by Angelie Jackson

In this section, we have provided summaries of the most recently issued Federal Acquisition Circulars (FACs) and Procurement  Instruction Memoranda (PIMs).

FAC RULES

FAC 97-10 was published December 18, 1998. It includes

interim and final rules that were effective on that date, and a number of final rules that became effective on later dates. Unless otherwise dated, most of the highlights below are effective December 18th. The major interim and final rules are summarized below:

Historically Underutilized Business Zones (HUBZone) Empowerment Contracting Program (effective January 4, 1999) - this interim rule amended the FAR to implement the Small Business Administration HUBZone Empowerment Contracting program. The purpose of the program is to provide Federal contracting assistance for qualified small business concerns located in historically underutilized business zones in an effort to increase employment opportunities, investment, and economic development in these areas. The program provides for set-asides, sole source awards, and price evaluation preferences for HUBZone small business concerns and established goals for awards to such concerns.

Limits for Indefinite-Quantity Contracts - this final rule clarifies that maximum and minimum limits for indefinite-quantity contracts may be expressed as a number of units or dollars.

Office of Federal Contract Compliance Programs (OFCCP) National Pre-Award Registry - this final rule amends the FAR and related clauses. It informs the procurement community of the availability of the Department of Labor's OFCCP National Pre-Award Registry, available on the Internet, that contains preaward clearances (cleared within the preceding 24 months), and the option to use the Registry in lieu of submitting a written request for a preaward clearance. The rule also implements revised DOL regulations pertaining to equal employment opportunity and affirmative action requirements for Federal contractors and subcontractors.

Limitations on Allowability of Compensations for Certain Contractor Personnel - this final rule limits the allowable compensation costs for senior executives of contractors to the benchmark year by the Administrator, OFPP. The benchmark compensation amount is \$340,650 for contractor fiscal year 1998, and subsequent contractor fiscal years, unless and until revised by OFPP.

Contractor Purchasing System Review (CSPR) Exclusions - this final rule excludes competitively awarded firm-fixed price (FFP) and FFP contracts with economic price adjustment, and sales of commercial items pursuant to FAR part 12, from the dollar amount used to determine if a contractor's level of sales to the Government warrants the

conduct of a CPSR. It also excludes subcontracts awarded by the contractor exclusively in support of Government contracts that are competitively awarded FFP with economic price adjustment, or awarded for commercial items from evaluation during a CPSR.

Contract Quality Requirements - this final rule replaces references to Government specifications with references to commercial quality standards as examples of higher-level contract quality requirements; to require the CO to indicate in the solicitation which higher-level quality standards will satisfy the Government's requirement; and, if more than one standard is listed in the solicitation, to require the offeror to indicate its selection by checking a block.

Mandatory Government Source Inspection - this final rule facilitates the elimination of unnecessary requirements for Government contract quality assurance at source. It deletes the mandatory requirements for Government contract quality assurance at source on all contracts that include a higher-level contract quality requirement, and for supplies requiring inspection that are destined for overseas shipment.

No-cost Value Engineering Change Proposals (effective 12/18/98) - this final rule clarifies that no-cost value engineering change proposals (VECPs) may be used when, in the CO's judgment, reliance on other VECP approaches likely would not be more cost-effective, and the no-cost settlement would provide adequate consideration to the Government.

Evidence of Shipment in Electronic Data Interchange (EDI) Transactions - this final rule facilitates the use of electronic data interchange (EDI) transactions to streamline the payment process when supplies are purchased on a f.o.b. destination basis with inspection and acceptance at origin.

FAC 97-11 was published on March 4, 1999. It contains several final rules and an interim rule with requests for comment. The effective dates are listed directly behind the subject matter.

Variation in Quantity (May 3, 1999) - this final rule amends the FAR to remove the requirement to include the Variation in Quantity clause, FAR 52.211-16, in fixed-price solicitations and contracts that do not permit a variation in quantity of the supplies furnished under the contract.

Electronic Funds Transfer (EFT) (May 3, 1999) - this final rule amends the FAR to address the use of EFT for federal

contract payments made after January 1, 1999, and to facilitate implementation of Public Law 104-134, that mandates payment by EFT in most situations.

Waiver of Cost or Pricing Data for Subcontracts (May 3, 1999) - this final rule implements Section 805 of the Strom Thurmond National Defense Authorization Act for FY 1999. It clarifies that waivers of requirements for submittal of prime contractor cost or pricing data do not automatically waive requirements for subcontractors to submit cost or pricing data.

Executive Order 12933, Nondisplacement of Qualified Workers Under Certain Contracts (May 3, 1999) - this final rule implements the EO, and requires that workers on certain contracts be given the right of first refusal for employment with the successor contractor, if the workers would otherwise lose their jobs as a result of the termination of the contract.

Recruitment Costs Principle (May 3, 1999) - this final rule revises the "recruitment costs" and the "public relations and advertising cost" cost principles for streamlining purposes.

Compensation for Senior Executives (March 4, 1999) - this interim rule with request for comments revises the definition of "senior executive."

PIM's

PIM 99-1, VETS 100 Reporting

PIM 99-2, Procedures for Tracking Stun Belts

PIM 99-3, DTAR Change 98-05, Implementation of FAC's 97-06 and 97-06 and other Minor Changes

PIM 99-4 Revised Instructions for Reporting Summary Contract Actions (\$25,000 or Less), and Revisions to the TPDS Manual

PIM 99-5, DTAR Change 98-6, Minor Changes to Parts 1004 and 1019

PIM 99-6, Treasury/SBA MOU for Phase I of Treasury's Mentor-Protégé Program

PIM 99-7, Current PIM List

Copies of the above can be viewed or printed from our website at [www.http://ustreas.gov/procurement](http://ustreas.gov/procurement).

Electronic Commerce Initiatives

The EC Tips Corner

by Richard Miller



This column is dedicated to brief, helpful tips related to EC for sharing across Treasury. All contributors are welcome, and will be named if desired. Please just email contributions to richard.miller@treas.sprint.com.

- Dell Computer Corp. has a new (March 1999) online superstore for computer-related goods and services at www.gigabuys.com that offers more than 30,000 items. It is tightly integrated with www.dell.com, and you can even use the same shopping cart.
- FAR FAC downloads and printouts are available at www.gsa.gov/far.
- GSA has a searchable Schedules E-Library at <http://pub.fss.gsa.gov/sched> for the FSS.
- There is a searchable FAR at www.arnet.gov/far.
- PC Magazine recommends the following meta search engines as superior: www.debriefing.com; www.highway61.com; www.metacrawler.com; www.savvysearch.com.
- PC Magazine recommends the following search engines as superior: www.altavista.com; www.yahoo.com; www.google.com; www.hotbot.com.

Have fun!

Future Impact of EC on Procurement Specialists – A Forecast

by Richard Miller

What is EC, or electronic commerce? For us in the federal procurement arena, it is officially defined as “electronic techniques for accomplishing business transactions, including electronic mail or messaging, World Wide Web technology, electronic bulletin boards, purchase cards, electronic funds transfers, and electronic data interchange.”

What does this really mean in layman terms? EC is conducting business activity electronically. For us, EC has several major driving forces behind it. First, there is its obvious success! It is efficient, effective, satisfying to the customer, and profitable. Second, because of the first reason, governments are sprinting at unprecedented speed to implement it. Third,

accelerating technological development continually improves the qualities of the first reason, but also makes EC faster, cheaper and more expansive in reaching more people.

The \$17 billion worth of EC in 1998 will be \$327 billion in 2002. The main vehicle for this business is the Internet. The true growth of EC on the Internet spans about four years, from when it was just taking off in 1995 as a marketplace, to 1998 when it boasted 90 million users, and now with its 148 million users. By 2005, there are supposed to be one billion computers worldwide linked to the Internet. Keep in mind: 60% of the world's computing power is in the U.S. By comparison, the rest of the world is just getting started.

The EC impact on buyer communications, through the Internet, intranets, extranets, faxing, videoconferencing, email, etc., has been revolutionary. Yet, the greatest impact will occur within the next five years. Growth of the Internet, opening virtually unlimited opportunities for online research and purchasing, is only in its earliest stages of growth. It will form a global neural network allowing every individual to relate to any and all parties, personal or organizational, public or private, virtually instantaneously. Linguistic translation will be automatic.

Within only a few years, the following advances in EC technology will occur:

- Worldwide work group linking of collaborative individuals and organizations among private and public sectors will be commonplace.
- Intranet and extranet expansions will continue to expand as vigorously as the Internet.
- Rapid advances in multimedia will progressively enable the procurement professional to interact more effectively and efficiently.
- Database expansion to all information systems will enable access to virtually any data globally, with great facility to organize and configure it for any purpose.
- Automated analyses and Artificial Intelligence (AI) applied to the procurement field will immensely expand the capabilities of the procurement specialist.
- Your mobile computer will transmit and respond as fast as you can think. No more waiting!
- Processor speeds will exceed 2.0 GHz, or more than four times today's speeds, with hard drive storage of 50 GB standard.
- The major limitation to computer miniaturization will be keyboards, but “armband” computers will be available for voice command use.

- Each of these computers will link with your business sources – your office LAN, the Internet, the Treasury Intranet, etc. – through low earth orbit satellites when you are outside the office.

The front line procurement professional's world will experience these changes:

- Computers will do processing tasks of all types within procurement processes, freeing the specialist for higher level work.
- All records will be officially maintained electronically.
- There will be no redundant entry of procurement data.
- Customers will perform virtually all simplified acquisition of commercial items, using EC.
- EC courses will be a core requirement for procurement professionals.
- Procurement professionals will be as specialized in high tech applications for EC and the technical marketplace of their customers' requirements as they are in procurement rules. They will become "business specialists." They will perform a leadership role in the interdisciplinary planning and acquisition functions of their organization.
- Procurement staff will have a high degree of information technology literacy.
- More professionals will enter the procurement field from other disciplines, and there will be more migration of procurement professionals between the public and private sectors. (Standardized EC methods will promote this.)
- Procurement specialists will do considerably more international buying.
- "Virtual Meetings" of procurement specialists and their acquisition teams with vendors will occur through sophisticated holographic video conferencing, permitting each participant to experience himself within a "virtual" meeting room.

Be prepared!

Conversion of the Treasury Procurement Data System (TPDS)



By Lou Masciocchi

Recently, you may have heard about our plans to convert the Treasury Procurement Data System (TPDS) to a modern, Y2K compliant, user-friendly system. The reasons are simple: TPDS is neither modern, Y2K compliant, nor user-friendly. And that means problems, frustration, and unproductive time for you and me. We have identified a procurement data collection and reporting system that is not just modern, Y2K compliant, and user-friendly, but is state-of-the-art, with capabilities to take Treasury procurement into the 21st Century -- the Department of Health and Human Services, Departmental Contract Information System (DCIS).



Last fall, we informally announced that we were considering replacement of TPDS by distributing a bureau survey to catalog problems and find out what features and services users needed to perform their procurement reporting functions efficiently and

effectively. Everyone responding to the survey agreed, unanimously, that TPDS must go.

The most common desired features and benefits for the replacement system are:

- Internet/Web-based user access and interface
- Data compatibility/conformity to the FPDS
- Future integration with bureau automated procurement systems
- Contain Treasury historical TPDS data
- On-line error checking
- Flexible report features
- Initial user training
- On going technical support/help desk

DCIS will provide all of the above and more. It is easy to learn and easy to use. It integrates data collection and reporting for both the SF-281 and SF-279 (ICAR). This will enable more meaningful reports for management and other users with less time and effort. Since it's also Windows and Web-based, other functions such as printing and export to other applications, are easier.

The CIO's Office has agreed to fund the costs for converting the system in FY99. Bureaus will continue to fund the annual support costs through the working capital fund, beginning in FY2000, when the new system is

scheduled to be available.



Currently, we are negotiating a new interagency agreement with HHS that must be finalized before we can proceed with the conversion, which is scheduled to begin in early May

1999. Testing will begin during the summer, most likely with one bureau procurement office. So as not to impact the heavy end-of-year workload, the remaining bureaus will receive training and convert to the new system beginning in early October 1999.

If you have any questions, feel free to call me at (202) 622-6585 or drop me an e-mail at: louis.masciocchi@treas.sprint.com

Internet News

Have you visited the Office of Procurement's web site recently? Our website is at <http://www.ustreas.gov/procurement/>. The site has pages that are helpful to industry, such as "Business Opportunities" which links to the bureau procurement office web sites, and "Small Business Opportunities" which links to the Office of Small and Disadvantaged Business Utilization's web site. It also features pages and links that are helpful to Treasury procurement professionals, such as "Department of the Treasury Acquisition Regulation (DTAR)" that contains a current, searchable DTAR with all of the changes; "News" containing all of the published "Procurement News Near & FAR", "Policy & Publications" containing all of Procurement Instruction Memorandums (PIMs), as well as other pertinent procurement documents, regulations, and policies; and "References & Resources" containing links to useful procurement-related web sites for procurement research, and buying. This last page features some hot new links to check out, such as FAR On-line with printable Federal Acquisition Circulars, and the new FedCenter Electronic Commerce Catalog. So what are you waiting for? Stop reading this newsletter and go to the web site.

Contract



ting in
the ex-
U.S.S.R

by Allen Marcus

Procurement at the U. S. Customs Service encompasses just about everything one could imagine. The broad spectrum of requirements presents a steady challenge for meeting some highly unusual needs. Many requirements are in support of major law enforcement activities, such as Operation "Brass Ring", the recent anti-drug offensive; major information technology advancements, and Departmentwide programs such as the seized property program and land mobile radios contract.

Last year, a major international foreign assistance program was accepted by the Commissioner which encompassed an even broader and more unusual range of procurement needs - the Republic of Georgia Border Security and Law Enforcement Assistance Program. This program is funded through FY 2000 and, if funded through its planned duration, will continue through FY 2002. It is authorized under the Foreign Assistance Act through the Department of State and has as its objectives the rebuilding and securing the Republic of Georgia's borders. Much of the Georgian Customs and Border Guard physical infrastructure was dismantled by the Russians when the Soviet Union ended. The strategic location of Georgia necessitates strong borders, not only for that country's security and revenue receipts, but to stem international drug trafficking, illegal migration and nuclear material smuggling. Situated between Russia, the Ukraine, Turkey, Armenia and oil rich Azerbaijan, and not far from Iraq and Iran, Georgia's location is of great importance.

Two of the early acquisitions in support of the program were for personal services contractors who serve as advisors to the Georgian Customs Department and the Border Guard. The acquisition of these services required special research and publicizing in professional journals. The statutory authority granted an exemption from Federal Acquisition Regulations, but special provisions and pay limitations were needed to establish price and tax withholdings. In order to put these contracts in place, many U. S. State Department requirements had to be researched and included in our contracts. This was, in many respects, new ground for the Customs' Procurement Division.

Mary Miron, U. S. Customs contracting officer, worked

with the Office of International Affairs and visited Tblisi, the Republic of Georgia, in June 1998 to “meet the customers”, determine needs and develop acquisition strategies. The myriad of needs encompassed aircraft, vessel repair, vehicles, uniforms, radiation detection equipment, helicopters and construction of training facilities at border stations. In October 1998, both Mary and I returned to Georgia for four weeks of intensive contracting. Perhaps the greatest challenge was the necessity to weigh risk and exercise good business judgment in the absence of statutory rules and regulations, as well as the cultural and language differences that existed.

The overall receptiveness by the Georgian officials was positive. However, in some cases their preliminary work and market research was viewed by some of them and the contractors as all-but completed agreements merely awaiting token approval and funding by the American contracting officers. E.g., much of the preliminary “market research” for the automobile purchases and vessel repairs was done by the Georgian officials, but we needed much information and assurance that the contractors’ prices were fair and reasonable, that allowed a position of strength to negotiate.

Time constraints were some of our greatest impediments. Contractors knew we were in Georgia for a limited time, but most were very responsive to providing the cost data and technical information we needed. Our work took us to the cities of Tblisi, Kutaisi and Poti, and Mary continued on to Kiev, Ukraine. Purchasing cars is a high-pressured and sometimes mystifying process, regardless of where in the world it’s being done; quick price comparisons, negotiations (with considerations given to fluctuations in the Japanese yen), and generating the orders were done as quickly and efficiently as possible. In addition to negotiating with established dealers, a few “suppliers” were paraded through the embassy who promised to furnish inexpensive Russian-made cars. However, their requirements for up-front “advance payments” posed major risks. A visit to the Tbilisi open air auto market, accompanied by uniformed Georgian officials, drew a lot of curiosity and interest. The variety of makes and models was staggering - BMWs, Audis, Jaguars, antique and new U. S. made cars, and many others one would not expect to see in such a remote part of the world. Another establishment I visited as a possible source could only be described as a “chop shop”. Upon concluding our comparative shopping, the ultimate sources of supply were established dealers and distributors.

Some of the “bigger ticket” items entailed buying a newly designed twin engine aircraft; repairs to several aging patrol vessels berthed at the Black Sea port of Poti; a helicopter and used boats. Use of the Internet for finding sources in eastern Europe and getting price information was invaluable. Some unusual problems we encountered included the levying of a twenty percent value added tax by contractors upon the Georgian government agencies - the tax is paid by the Georgian Government for their contract items and services, and is ultimately paid back to the Government.

Mary had an interesting introduction to contracting in the Ukraine. The contractors handed her four contracts in Russian and expected her to sign them on the spot. Needless to say, she insisted they be translated and all the items inspected. Some drastic discrepancies in the condition of items were found - in the case of a planned purchase for a Russian Tarantul patrol boat, it was discovered the ship was a “rust bucket”.

We attempted to write our contracts in a straightforward manner and altered many FAR clauses so they would be applicable to Georgian and Ukrainian business and banking practices. We learned as we progressed, as did the Georgians and Ukrainians with whom we negotiated. While in Georgia, Mary and I had the opportunity to see the vehicles we purchased for the Georgian Customs Department delivered and inspected by President Eduard Sheverdnaze in a special ceremony.

This international contracting experience has been a meaningful professional opportunity, as well as a cultural one - Georgia is truly a beautiful and fascinating country.

We were mindful of the responsibilities that come with spending so much money abroad and hope to see the effects contribute to stability and peace in that part of the world.

Allen Marcus is Group Leader of the Contracting Operations Group, Procurement Division, U. S. Customs Service.

PROCUREMENT BEST PRACTICES

Coleen Vogel, BCPO, US Mint

“We found that Mint Procurement uses many practices similar to those of commercial organizations ... Mint Procurement incorporates a number of practices that can be considered ‘best practice’”.

These words were taken from a study the U.S. Mint recently commissioned with Price Waterhouse Coopers to review its Headquarters procurement operations against best practices in the public and commercial sectors. When compared to private sector best practices the Mint hit a high note with its:

- ☐ Aggressive use of purchase cards to reduce costs, streamline processes, and place the buying power into the hands of the end-user.
- ☐ Implementation of COINS to integrate all aspects of the procurement process from automated funds management through electronic payments.
- ☐ Procurement lead time goals that are significantly lower than other government agencies and typically less than that of the private sector.
- ☐ Supplier partnerships and long term contracts with key manufacturing suppliers.
- ☐ Use of performance measures to assess our work performance and customer relationships.
- ☐ Reorganization along business lines to better support our customers. The placement of Corporate policy in the Office of the CFO is also consistent with industry practices.
- ☐ Cross-functional teaming on critical acquisitions.
- ☐ Action Plan for Procurement which outlines strategic performance goals, objectives, and communications.
- ☐ Procurement Council where Headquarters chief procurement officials coordinate policy and buying activities.
- ☐ Well defined and current policies and procedures.

While all this is good news, PWC also identified several more areas of opportunity for us. These included such best-in-class activities as total spend analysis to better identify purchasing patterns and opportunities for cost savings, and increasing the level of procurement technology to industry standards. We also have taken action to manage and reduce price and inventory risk for precious and base metals, including ensuring an adequate supply of blank fabricators. We have set forth an ambitious plan to accomplish these things and much more. Our plan, which supports the Mint's overall strategic plan, documents our objectives and sets strategies and measures in place to ensure their completion. With Mint management behind us all the way, we are confident that we can indeed become a "best-in-business" procurement organization.

BCPO Meeting Reminder

The next monthly BCPO meeting is scheduled for April 22, 1999. 1310 G St., NW, 4th floor conference room from 9 -11 a.m.

PEOPLE ON THE MOVE

Kevin Boshears, Office of Small ss Programs, has been promoted Office Director for that office. Congratulations Kevin!!



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Tim Shaunessey, formerly of the ATF, has been selected as the Policy Chief at the IRS!! Congratulations Tim!!



Mark Jefferson, a former Treasury Office of Procurement Intern, has returned, and is with the FMS, Contract Administration Branch. Mark worked with the Department of the Navy for the past 2 years. Interestingly, this included an 11-month tour in Sarajevo, Bosnia as a NATO contracting officer. He is glad to be back.

JOB OPPORTUNITIES

Bureau of Alcohol, Tobacco and Firearms (ATF) - Procurement

Analyst, GS-14, announcement # 99-297-MT, closes 4/16/99

Contract Specialist, GS-14, announcement #99-21-MT/cs, closes 4/16/99

Contact Estelle Martin, at (202) 927-8820 for a copy of either announcement.

Internal Revenue Service - look for IRS procurement job opportunities on IRS' Internet site at <http://acprocurement.irs.gov>

LOOK FOR YOUR NEXT ISSUE THIS SPRING!